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May 5, 2008

The Honorable Gerard E. Lynch
United States District Judge
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007

RE: PANCOAST TRADING S.A., vs.
EUROGRANI S.r.l.
07 CV 8581 (GEL)
Our File No.: 29672-JAS

Dear Judge Lynch:

We represent defendant Eurograni S.r.l in the captioned matter.

In this maritime action, on January 22, 2008, the Court entered an Order pursuant to Rule B of the Supplemental Rules for Admiralty or Maritime Claims of the Federal Rules of Civil Procedure (“Rule B”) at the request of plaintiff Pancoast Trading S.A. (“Pancoast”). Pancoast attached USD\$303,606.92 of Eurograni’s funds at which time Eurograni moved for countersecurity pursuant to Rule E.

In ruling in Eurograni’s favor on the issue of countersecurity, the Court held:

Accordingly, it is hereby ORDERED that Pancoast provide Eurograni countersecurity, in the amount of \$325,185.15, in a form compliant with Local Rule 65.1.1, on or before February 5, 2008.

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Local Rule 65.1.1 provides, in part:

(b) Except as otherwise provided by law, every bond, undertaking or stipulation must be secured by: (1) the deposit of cash or government bonds in the amount of the bond, undertaking or stipulation; or (2) the undertaking of a guaranty of a corporate surety holding a certificate of authority from the Secretary of the Treasury; or (3) the undertaking or guaranty of two individual residents of the district in which the case is pending, each of whom owns real or personal property within the district worth double the amount of the bond, undertaking or stipulation, over all his or her debts and liabilities, and over all obligations assumed by said surety on other bonds, undertakings or stipulations, and exclusive of all legal exemptions.

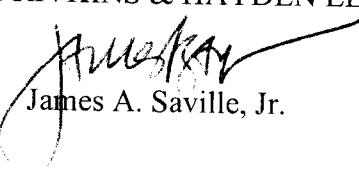
Local Civil Rule 65.1.1

At the time set forth in the Court's Order, Plaintiff Pancoast presented a Bank Guarantee from Piraeus Bank S.A. We objected to this Bank Guarantee and Pancoast has offered a Letter of Credit opened in favor of Eurograni. Initial negotiations were undertaken on the wording of the LOU between counsel and we understand that Pancoast is still willing to post countersecurity by way of a letter of credit. However, unless the Court finds that a letter of credit to be compliant with Local Rule 65.1.1, Eurograni has advised it is not willing to accept this form of countersecurity. As Pancoast did not initially offer countersecurity in a form compliant with Local Civil Rule 65.1.1, Eurograni respectfully requests that the attachment be vacated.

We stand ready to address the issues raised herein at a conference or telephone conference at the Court's convenience.

Respectfully submitted,

HILL RIVKINS & HAYDEN LLP


James A. Saville, Jr.

JAS/mc
29672\007 Court

cc: **Via Electronic Filing**
Claurisse Campanale-Orozco, Esq.
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